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SIPDIS

SENSITIVE

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SUBJECT: Meeting at Turkish Foreign Trade Regarding WTO Rice

Sensitive but Unclassified. Not for Internet Distribution.

11. (SBU) Summary. The Turkish Under Secretariat for Foreign Trade has requested the U.S. response for dates in Geneva for consultations in connection with the U.S. WTO case concerning Turkey's import rice regime as well as data regarding the case. Turkish officials expressed the desire to resolve this issue as soon as possible. End Summary.

Meeting at Foreign Trade

12. (SBU) On November 16, the Turkish Under Secretariat for Foreign Trade requested a meeting with Embassy officials to discuss the United States request for consultations with the government of Turkey (GOT) concerning Turkey's import rice regime. Hasan Yalcin, the Acting Deputy Director General of Agreements, led the discussions. Yalcin expressed the desire to resolve the issue as soon as possible and hopefully without going to panel.

Two Requests

13. (SBU) Yalcin initiated the discussions by requesting all data related to the case. AgCounselor explained that his request would be sent to Washington, but that, given the sensitivity of the case, that the Embassy was not authorized to provide any data or discuss any details of the case. Yalcin appeared somewhat miffed at this response. Yalcin then requested a response from Washington regarding the dates of the meetings in Geneva. EconOfficer promised to contact Washington for a quick response.

The GOT Tries to Make Its Case

14. (SBU) At this point, Yalcin requested another FTU official to provide some information regarding the Turkish import regime. The official explained the development of the tariff rate quota (TRQ) and the reduction in duties under the quota, which favored paddy rice imports. At the same time, the official noted that imports would not be restricted outside the TRQ. It was noted that Turkey imports over 50% of its demand and that the stronger Turkish lira had made imports much cheaper. Interestingly, the official noted that Egyptian milled rice imports had benefited prior to the implementation of the TRQ and the under the current rice regime U.S. paddy rice imports would be much more favored. AgCounselor asked whether it was the GOT position that the TRQ was implemented to favor U.S. rice. He responded that we could make that case. The official stated that, in the absence of the TRQ, Egyptian rice would be favored over U.S. rice.

TRQ Not Intended to Impede Trade

15. (SBU) The same official defended the import regime, stating that it was never intended to inhibit trade. In an interesting twist, the official stated that, if Turkey wanted to restrict imports, it could always delay the process at customs in order to make imports wait longer than the current one of two days. In addition, Turkey could limit the ports in which imports could enter.

Comment: Let's Make a Deal

16. (SBU) It appeared that Turkish officials would like to

reach some sort of agreement asap and certainly prior to going to panel. At one point, an official offered that the duty under the TRQ might be lowered by another 10% next year for paddy rice. The officials also seemed to focus primarily on trade statistics rather than on the legislation or domestic purchase requirements. It seems that they believe that the actual TRQ and purchase requirements are WTO compliant.

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